

Ontario Food Processing Industry

CA20N
AF
-1995
052

Strategy For Success



Ministry of Agriculture,
Food and Rural Affairs

Introduction

In 1991 the Ministry of Agriculture, Food and Rural Affairs (OMAFRA) developed and implemented a strategy designed to improve the ability of Ontario's food processing companies to be more competitive in global markets. The Ontario Food Processing Strategy was the result of extensive consultations with Ontario producers, processors, retailers, and other stakeholders.

OMAFRA has continually evaluated and audited the results of the Food Processing Strategy. On-going consultations have also provided valuable input from our clients.

Over the last year, the ministry has undertaken a formal review of the Food Processing Strategy to determine if it was still meeting the needs of the industry as it moves towards ever more intense global competitive pressures. This review included specific program evaluations, broad industry-wide consultations, and advice from an advisory committee of industry leaders.

Based on the recommendations from these stakeholders, the Ministry of Agriculture, Food and Rural Affairs has developed a new strategy to guide its efforts in assisting the food processing industry into the next century. While maintaining the ministry's approach to such fundamental elements as ensuring high food quality and safety standards, the Ontario Food Processing Industry: Strategy for Success places a new focus on areas the food industry has declared will be essential if Ontario is to remain competitive in the year 2000.

The report covers three areas. Part one presents a profile of the food processing industry in Ontario. Part two is a review of the ministry's consultations on developing a new food processing strategy. Part three outlines the ministry's new approaches to ensuring competitiveness for Ontario food processors.

Table of Contents

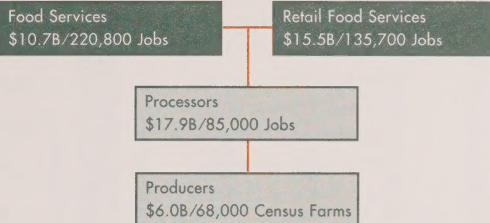
Profile of the Ontario Food Industry	1
Consulting with Industry-Vision 2020	4
Food Processing Advisory Committee	5
The Ontario Food Processing Industry: Strategy for Success	7
Enhance Producer/Processor Relations	8
Enhance Ontario as a Place to Invest	10
Promote Ontario's Advantages	12
Provide the Tools for Success	
• Building Investment	14
• Improving the Balance of Trade	16
• Encouraging Training	18
• Promoting Research and Development	20

Profile of the Ontario Food Industry

1. The Ontario Agriculture and Food System

- The agri-food industry is the second largest economic sector in Ontario.

The Ontario Agriculture and Food System

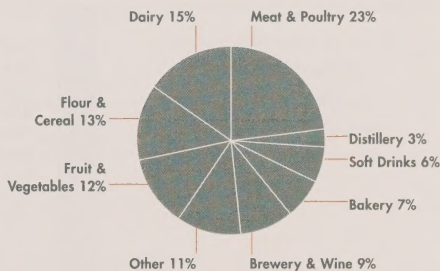


Sources: Statistics Canada; Canadian Grocer; Canadian Restaurant and Foodservices Association.

2. Key Components of the Food Processing Industry

- The Ontario food and beverage processing industry has a very diverse base. The chart shows the relative size of each sector based on the value of shipments of goods of own manufacture. The total value of shipments by the industry was \$17.9 billion in 1992.

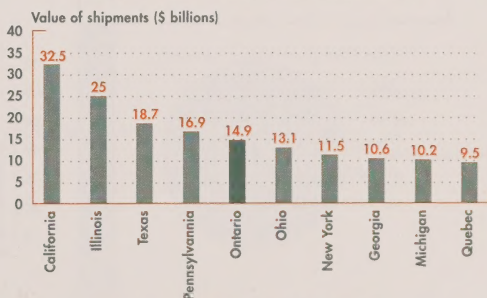
Key Components of the Industry, 1992



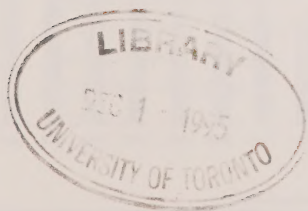
Source: CANSIM Database

3. Comparison to Other Jurisdictions

Comparison to Other Jurisdictions



Sources: Statistics Canada; U.S. Dept. of Commerce 1991

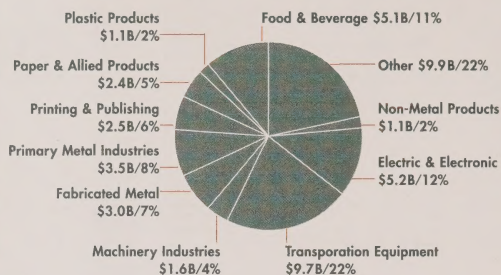


Profile of the Ontario Food Industry

4. Gross Domestic Product Contribution

- The food processing industry contributed over \$5.1 billion towards Ontario's Gross Domestic Product (output minus the cost of inputs) in 1992, second only to the auto manufacturing sector.

Gross Domestic Product Contribution, 1992

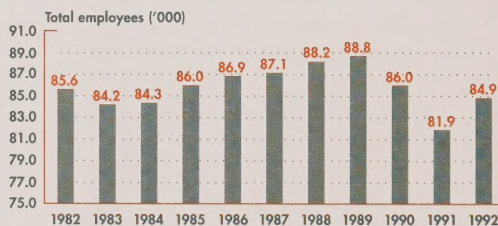


Source: CANSIM Database

5. Employment

- One in every four jobs in manufacturing of non-durables is in the food processing industry.

Employment

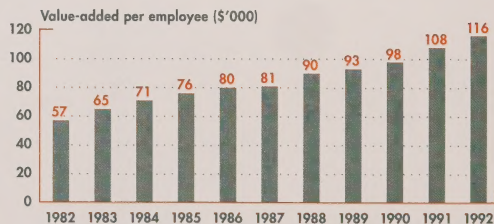


Source: CANSIM Database

6. Innovation

- The food processing industry has continued to innovate and increase productivity. Productivity per person employed has increased by 104% since 1982.

Innovation



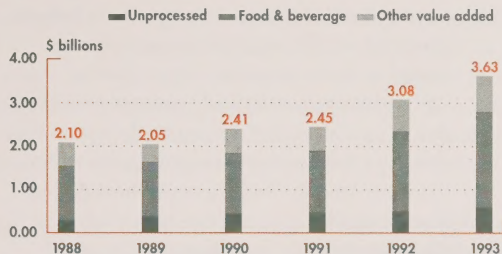
Source: CANSIM Database

Profile of the Ontario Food Industry

7. Ontario Food Exports

- Ontario is very competitive in export markets. Exports from Ontario have grown 73% since 1988. For 1993, over 80% of Ontario's food exports were value-added, compared to the Canadian average of 43%.

Ontario Agri-food Exports, 1993

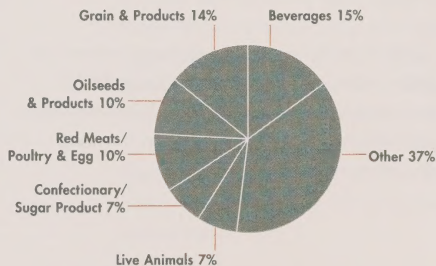


Source: Statistics Canada; International Trade Division.

8. Ontario Food Exports by Commodity Group

- Ontario exports a broad range of food products. The most significant growth in the past five years has been in oilseed and confectionary products, growing by 47% and 28% respectively.

Ontario Agri-food Exports by Commodity Group, 1993

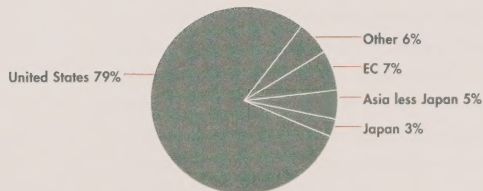


Source: Statistics Canada; International Trade Division.

9. Ontario Food Exports by Region

- While the United States remains Ontario's most important food export market, there has been significant growth in exports to Asia and Europe over the last five years.

Ontario Agri-food Exports by Region, 1993



Source: Statistics Canada; International Trade Division.

Developing a New Food Processing Strategy— Consulting with Industry—Vision 2020

Vision 2020 is an industry-led process that brings together leaders from all parts of Ontario's agriculture and food industry to create a common industry vision and identify and pursue opportunities to strengthen the entire sector. Led by a Steering Committee representing food producers, processors, distributors, labour, and consumers, the process has included a number of conferences and commodity and sector-specific working groups. Through these discussions, all members of the Ontario agri-food chain have developed a consensus on the critical issues confronting the industry, opportunities for growth, and new approaches to doing business.

As a result of the 1992 and 1993 conferences, as well as sector group meetings and discussions, a vision statement has been developed to serve as a focal point for future plans:

"Ontario will be a world leader in agriculture and food markets, creating a sustainable, profitable and dynamic environment in which its stakeholders can compete, prosper, grow and serve the needs of consumers."

Common Opportunities

Vision 2020 conferences and working groups also identified five key opportunities that are common to all sectors of the agriculture and food industry:

Development of value-added products.

Value-added products for domestic and export markets were determined to be key to economic renewal in the food industry.

Improved export potential.

Exports were seen as crucial to success in the agriculture and food industry. Exports could be improved by developing new value-added products through investments in research, effective market identification, improving product quality, and the efficient use of available resources.

Niche market development.

New niche products could fill both domestic demand and replace imports from other countries. Co-operative efforts between members of the food production chain were identified as an excellent way to identify and develop these markets.

Strategic alliances.

Formal and informal co-operative efforts among industry stakeholders were seen as essential to continued industry prosperity and growth.

Government openness to industry initiatives.

Industry is the central source for new ideas. Participants urged government to support industry-driven developments and to strengthen their role as a facilitator for industry co-operation.

**Consulting with Industry—
Food Processing Advisory Committee**

In order to examine the specific factors affecting competitiveness in the food processing sector and to make recommendations for a new Food Processing Strategy, a special Food Processing Advisory Committee was established in June, 1994. Chaired by OMAFRA's Deputy Minister, the committee included business leaders from a wide range of Ontario food companies in terms of size, sector, and plant location:

Graham Freeman

President and CEO, Ault Foods

Kenneth Jewett

President, Marsan Foods

Frank Powell

General Manager, Quality Meat Packers

Alan Harris/Fred Jaques

President and CEO, Kellogg Canada

Frank Cella

Chairman and CEO, Nestlé Canada

Monty Ward

President, Elmira Poultry

Bob Langille

President and CEO, Nabisco Brands Canada

Tom Cowan

Vice President Operations, Cold Springs Farm

Dale Scheel

Owner, Milton Scheel Packers

Harry Vis

President, Robin Hood Multifoods

Gerry Schmalz

President and CEO, Small Fry Snack Foods

Gail Nash

President, Stride Industries

Industry Analysis and Review

Using the broader food industry-wide opportunities identified by Vision 2020 as a framework for their analysis, the committee was challenged with the following questions. In responding to these questions, committee members shared a broad consensus. Highlights are captured in the points below.

What changes are occurring in the industry?

- opportunities to gain access to new global markets and increasing competition from foreign sources in the domestic market are both spawned by more liberal trading rules
- grocery retail chains are playing a more dominant role as private labels take market share from brands and new ways of doing business develop
- more flexible manufacturing arrangements, including outsourcing, to better respond to customers' needs and more efficiently use productive assets
- removing costs from the system by such means as rationalizing production to the most efficient location and, in the case of multi-national enterprises, down-sizing Canadian head office management

How well positioned is the industry to respond to these emerging trends?

- ensuring that Ontario's raw product prices are competitive with international competitors remains a concern for many sectors
- rapidly changing market conditions and opportunities in food processing require greater flexibility and innovation in the entire agri-food industry; government regulations must be adaptable enough to allow for these innovative approaches
- Ontario is in a good position to take advantage of private label growth and changes in food retailing
- industry is ready to react to emerging environmental issues

**Consulting with Industry—
Food Processing Advisory Committee**

What other broad economic factors have an impact on the industry?

- high level of provincial and federal government debt
- value of the Canadian dollar has an important impact on the competitiveness of Ontario food exports
- high personal tax rates limit consumer spending

What are the keys to success for the industry?

- investment in technology and using this technological advantage to enter new markets
- management and labour co-operation and flexibility to react to change
- small and medium size operations are expected to be the major creators of new jobs and opportunities
- healthy working relationship with raw product suppliers
- strong management in Canadian operations of multinational corporations to fight for new capital for Canadian operations

How should industry success be measured?

- reduction in the provincial import/export gap in food
- increase in capital investment in Ontario food processing operations
- effective capacity utilization in food processing plants in Ontario

Recommendations

Based on this analysis, the Food Processing Advisory Committee recommended that the province focus its efforts on four key opportunities to accelerate the achievement of industry success.

Enhance producer/processing working relationships.

The committee identified a number of successful producer/processor relationships that had resulted in greater co-operation and flexibility for the entire industry to respond and take advantage of new market opportunities. The keys to these successful relationships were excellent communication between producers and processors and a joint marketing board/processor focus on the needs of the end consumer.

Enhance Ontario's attractiveness to investors.

A conducive regulatory and taxation environment would have a positive affect on new investment in Ontario food processing. The committee also raised the issue that Ontario's competitive position compared to the United States is currently very dependent on a low-cost Canadian dollar.

Build a positive perception and understanding of the industry.

More should be done to publicize the opportunities and success stories in the Ontario food processing industry.

Help strengthen the opportunities and capabilities of individual processors.

Committee members recommended that industry and government work together to increase training opportunities available to industry personnel and encourage new investment in value-added research and technology. These factors were seen as vital if companies were to be able to take advantage of new market opportunities in value-added products.

The Ontario Food Processing Industry: Strategy for Success

A new strategy has been developed based on the work of the Food Processing Advisory Committee, a wide-range of industry input, and in-depth ministry program evaluations. The Ontario Food Processing Industry: Strategy for Success is built on the seven key priorities identified by the Advisory Committee.

- **Enhance Producer/Processor Relations**
- **Enhance Ontario as a Place to Invest**
- **Promote Ontario's Advantages**
- **Provide the Tools for Success—Building Investment**
- **Provide the Tools for Success—Improving the Balance of Trade**
- **Provide the Tools for Success—Encouraging Training**
- **Provide the Tools for Success—Promoting Research and Development**

Enhance Producer/Processor Relations**Objective**

Expedite excellent working relationships between each marketing board and its customers.

Strategies**Enhance industry communications.**

Working closely with producers and processors, the Ontario Farm Products Marketing Commission (OFPMC) will encourage greater dialogue between all parts of the food industry. This will include advocating industry input into marketing boards' strategic plans and establishing a processor advisory committee to the Commission.

Foster industry linkages.

The OFPMC will work with processors and producers in promoting greater innovation to meet customer needs. This will include the Commission promoting strategic alliances and removing competitive impediments in marketing regulations.

Industry's Role

- Take on the responsibility, along with growers, to continually seek out win/win solutions for the industry as a whole.
- Be willing to improve their knowledge of the farm sector and its needs.
- Be willing to engage in mutually supportive projects with growers.

Background

Given the current movement towards more liberalized trade, a strong Ontario agri-food industry will be dependent on ever-increasing co-operation between the sectors. The OFPMC is committed to providing leadership, supervision and direction in order to assist those sectors operating within the regulated marketing system to effectively adjust to market forces. In addition, through the Vision 2020 process, leaders from all sectors in the agri-food chain—both regulated and unregulated—have come together to develop a common industry vision as well as identify and pursue opportunities to strengthen the entire sector.

Experience has shown that the most successful working relationships are characterized by open communication and trust, a sharing of risks and returns, producers and processors jointly determining the future direction for their industry, as well as innovative and imaginative marketing programs that are not tied to tradition.

The OFPMC meets annually with small groups of processors to seek their advice on regulated marketing in Ontario. The Commission has recently assigned a manager to enhance its service to the food processing industry.

Chicken Industry Co-operation Affects Positive Change

In 1993, the Ontario Chicken Producers' Marketing Board and the Association of Ontario Chicken Processors recognized that pending changes within their trading environment (particularly the rule changes under GATT) would have a major impact

on their industry. Together they assessed their market needs and took steps to ensure the national supply management system could respond.

At that time, chicken quota was set first at the national level, considering the needs of the Canadian market as a whole. Then, allocations were made to each province and finally the Ontario growers and processors negotiated a price for that level of supply.

Recognizing that both parties would be better served if price and supply were based on Ontario's needs, the board, with the support of the OFPMC, challenged the national 'top-down' approach to setting supply and insisted on a 'bottom-up' approach.

■ ■ ■
"The new system is more market responsive because price and volume are more closely linked—price is negotiated based on a volume determined through discussions with Ontario processors."
■ ■ ■

The new system is more market responsive because price and volume are more closely linked—price is negotiated based on a volume determined through discussions with Ontario processors. The Chicken Board then informs the national agency what level of supply the province needs.

The chicken industry has worked together to develop a system which has relieved the chronic supply shortages previously experienced.

Results appear to be favourable right through to the consumer. Research from the Canadian Restaurant and Foodservices Association shows that the number of times consumers selected a poultry menu item increased by 9.7% in the spring and summer of 1994 compared with the same time period in 1993. The association feels increased supply, along with a lower price, was a contributing factor in this significant growth in consumption—good news for the whole chicken industry.

Enhance Ontario as a Place to Invest

Objective

Reduce regulatory impediments to new investment in the Ontario food processing industry.

Strategies

Work to eliminate government overlap.

Press federal and provincial governments to adopt a food inspection system for Canada which eliminates gaps, duplication and overlaps in service.

Control government expenditures.

Continue contributing to reducing government costs while delivering focused, effective service to the food industry.

Reduce interprovincial barriers to trade.

Work with provincial and federal governments and the Canadian agri-food industry to reduce trade barriers within the Canadian market.

Be a strong voice for the Ontario industry.

Advocate the concerns of the Ontario food industry both within the Ontario government and in the various program reviews initiated by the federal government.

Facilitate industry dialogue with decision makers.

Use vehicles like the successful Food Industry Environmental Forum to maintain open channels of communication with the food industry on emerging government initiatives.

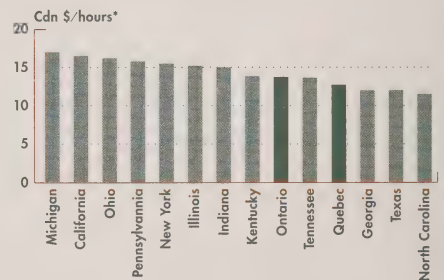
Industry's Role

- Conduct an internal consultation process and be prepared to tell government which services are considered essential and which the industry is prepared to sacrifice as its contribution to deficit reduction.
- Continue to work constructively with other sectors in the food industry to resolve regulatory issues.

Background

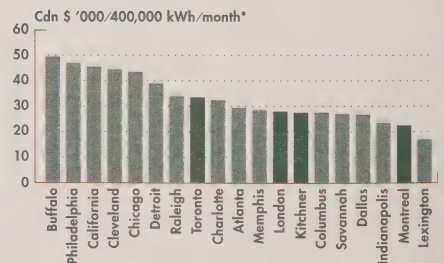
While recognizing that work needs to be done to improve Ontario's attractiveness to new investment in the food industry, a study undertaken for the ministry by Price Waterhouse indicated that Ontario compared favourably to other U.S. and Canadian jurisdictions in the overall cost of doing business. These charts illustrate two examples—labour and electricity costs.

**Hourly Wages of Food Industry
Production Workers, 1993**



*November 1993 exchange rate = 1.3177
Sources: Statistics Canada; U.S. Dept. of Labour

**Monthly Industrial Electricity Bills
(1,000 kW Demand)**



*1993 exchange rate = 1.2901
Sources: Ontario Hydro; Edison Electric Institute

Clearing the Path for Business Success

In May, 1994, *Clearing the Path for Business Success* was launched as an Ontario government initiative to simplify and streamline business registration and reporting processes. The initiative was in response to business' concern that red tape was one

of the major impediments to the establishment of new businesses. As a first step in Clearing the Path, *Ontario Business Registration Access* was introduced in September, 1994. This service provides a one-window registration process for entrepreneurs starting new businesses, allowing the completion of the following forms at a single location:

■ ■ ■
"Ontario Business Registration Access provides a one-window registration process for entrepreneurs starting new businesses, allowing the completion of many forms at a single location."
■ ■ ■

- Business Name Registration
- Retail Sales Tax Vendor Permit
- Employer Health Tax
- Workers' Compensation
- Staff-Assisted Business Name Search

On November 3, 1994, the government introduced the *Ontario Business Regulation Reform Act*. This legislation will allow the government to introduce more initiatives under Clearing the Path in the future, including *Unified Reporting and Electronic Business Registration*—initiatives that will further simplify business' dealings with government.

Promote Ontario's Advantages**Objective**

Aggressively promote Ontario as a place to do business in the food processing industry.

Strategies**Provide timely, targeted information.**

Government and industry will make maximum use of the new Ontario Investment Service to provide food processing executives with key information needed to secure investment decisions favourable to Ontario.

Focus on obtaining international product mandates.

Special attention will be placed on providing information and support to local and international executives of multinational food processors, with a focus on obtaining international product mandates.

Use private sector partners to reinforce the province's investment attraction efforts.

Ontario will maximize the use of provincial business leaders in its dealings with international decision makers. Private sector executives will be encouraged to use their knowledge, experience and contacts to support Ontario's efforts to attract international investment.

Industry's Role

- Work with government to ensure that Ontario's promotional efforts are on the right track.
- Ministry will also work with food processing industry associations to further the industry's efforts to promote Ontario as a place to do business.

The Ontario Investment Service (OIS) is a pioneering, one-stop, multi-media information service designed to attract and maintain investment in Ontario.

It provides Ontario businesses and investors with the most comprehensive one-stop database in North America. It contains a vast array of instantly available information necessary to reach investment decisions:

• • •

"The Ontario Investment Service provides Ontario business and investors with the most comprehensive one-stop database in North America, making available a vast array of information necessary for investment decisions."

• • •

- Provincial Overview (labour force, transportation, energy and resources)
- Industry Sectors (food processing sector overviews, company profiles)
- Business Climate (competitive advantages, government incentives)
- Business Directory (manufacturers, export catalogue)
- Community Profiles (workforce, services)
- Real Estate (site and building availability)

The OIS is a not-for-profit company staffed with experienced professionals. Provided with start-up funds by the Ontario Government, the OIS was officially launched in October, 1994.

Provide the Tools for Success Building Investment

Objective

Ensure that Ontario continues to rank in the top three North American jurisdictions for food processing industry investment.

Strategies

Act as a catalyst for strategic linkages.

OMAFRA will work with industry partners in seeking out licensing opportunities and other arrangements to bring business to Ontario. This will also include such new approaches as developing consortia to access changing markets and facilitating benchmarking studies in partnership with industry sectors.

Promote technology upgrades and innovation.

Firms will be encouraged to increase their international capabilities by upgrading to international standards and adopting new technologies.

Focus on obtaining international product mandates.

Additional resources will be focused on companies attempting to attract international product mandates. This will include targeting support on a case-by-case basis.

Champion client needs within government.

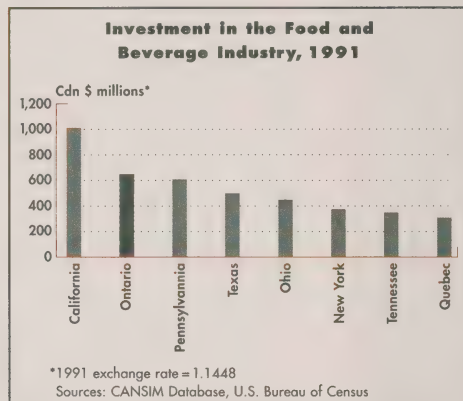
By providing improved one-window access to government services and regulations, OMAFRA will continue to make it easier for business to deal with government.

Industry's Role

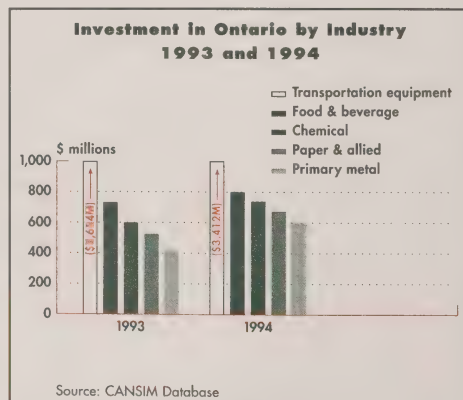
- Openly communicate with OMAFRA in order to identify both company-specific and sector-wide opportunities and threats.

Background

- For the last three years of available data, Ontario has ranked second out of all North American jurisdictions in terms of investment in the food processing industry.



- For the last three years of available data, investment in the Ontario food processing industry ranks only behind the transportation/automotive sector.



**Thomas J. Lipton Uses ISO 9000 System to
Ensure Continuous Improvement**

In January 1994, the Thomas J. Lipton plant in Bramalea, Ontario became the first food manufacturer in North America to obtain ISO 9002 registration. The plant employs 350 people manufacturing soup mixes, nachos, crystal

drinks, and packaged candies.

The ISO 9002 registration indicates that the company has installed mechanisms, systems and documented procedures to ensure meeting internal and external customers' needs consistently while striving to continually improve.

Over the previous four years, Lipton had implemented a series of in-plant quality initiatives, including Total Quality Management (TQM) and Hazard Analysis Critical Control Point (HACCP). The plant saw the ISO 9000 system as the best way to tie these elements together in a comprehensive, continuously improving quality system. Furthermore, the ISO 9000 system is a more objective measurement of Lipton's quality management systems, because it is granted

by an independent, accredited authority, recognized worldwide.

To obtain registration, Lipton was inspected by a team of auditors who probed the procedures and documentation of every aspect of the business, from the purchasing of raw materials through to production, packaging, handling, storage and delivery. Documentation was confirmed by interviewing employees at every level of the process. To ensure that standards are maintained, shorter audits will be made at yearly intervals, with full scale inspections every three years.

Lipton's Quality Assurance Manager Les Knebl believes that the ISO 9000 system has had a positive impact on the company's operations: "Our ISO 9002 documentation encompasses all aspects of our manufacturing, quality and plant-related procedures. It is a working document which we refer to daily. As such, it has enabled us to operate our business in a superior fashion and deliver higher-quality final products to our customers."

• • •
"Our ISO 9002 documentation has enabled us to operate our business in a superior fashion and deliver higher-quality final products to our customers"
• • •

Provide the Tools for Success Improving Ontario's Balance of Trade

Objective

Achieve a 10% annual growth rate in Ontario food exports to the year 2000.

Strategies

Diversify export markets.

In partnership with industry, the ministry will work to diversify Ontario's export markets geographically by aggressively pursuing opportunities in emerging markets such as Mexico, South Asia and Latin America. The U.S., with 80% of current exports, will continue to be a priority market.

Build export capabilities.

Innovative approaches to help exporters overcome the factors that prevent them from entering new markets will be developed and implemented. A variety of tools will be used including: educational seminars, one-on-one consulting, targeted financial assistance, a program for new exporters to emerging markets, and alternative business arrangements such as strategic alliances, joint ventures and consortia.

Forge linkages.

International market opportunities will be more aggressively explored by increasing buyer introductions to Ontario producers, researchers and processors. This will be achieved through outgoing and incoming missions, client-specific introductions and facilitating attendance at trade shows.

Ensure that market intelligence is readily available.

In partnership with the federal government, work to ensure that exporters have the information they need to make intelligent and timely decisions about international market opportunities.

Secure product mandates.

Support the efforts of Ontario-based multi-nationals to secure North American and global product mandates that will enhance exports.

Focus on value-added.

Special focus will be placed on value-added exports to maximize the economic benefit to Ontario, while maintaining support for high-value commodity products that are heavily dependent on exports.

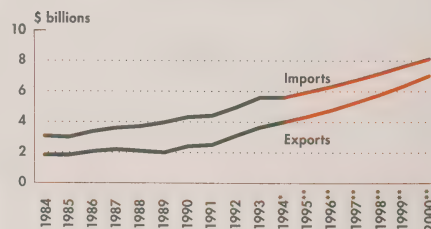
Industry's Role

- Continue to provide feedback on program efficiency and effectiveness.
- Increase its use of market information/intelligence.
- Take-up the challenge to close the import/export gap.

Background

The ministry is committed to improving Ontario's agri-food balance of trade. In 1993, Ontario imported \$1.95 billion more than it exported. If imports and exports continue to grow at the same rate as the last 10 years (7% and 8% respectively), the gap will widen by 2000. To narrow the gap, Ontario has set a export target of 10% annual growth to 2000. Emphasis on export growth will be combined with pursuing opportunities for import replacement.

**Ontario Agri-food Imports and Exports,
1984–2000**



* Estimates based on 9 month data.

** Import projection based on average annual 1984–1993 growth rate of 6.5%;
Export projection based on targeted 10% annual growth rate.

Sources: Statistics Canada; International Trade Division

Exports Lead to Success at Neilson

In 1992, William Neilson Ltd. decided to pursue export opportunities to more fully utilize its production capacity and capitalize on its expertise in the manufacture of high quality branded chocolate bars. Two years later the company has made major inroads into Mexico, the Middle East, Asia-Pacific and Russia.

■ ■ ■
“Neilson’s commitment to exporting to such new markets as Mexico, the Middle East and Asia Pacific has increased the utilization of its production capabilities and created new jobs in Ontario.”
■ ■ ■

This success can be attributed to several factors:

- A commitment to understanding the unique tastes and requirements of individual markets
- A willingness to reformulate, repackage and occasionally rename its products to meet the needs of the market
- Close collaboration with reputable and capable export agents, distributors and brokers.

Neilson’s commitment to exporting has not only increased the utilization of its production capabilities, it has also created new jobs in Ontario and produced a workforce proud of its success in global markets.

Provide the Tools for Success Encouraging Training

Objective

Increase training in the food processing industry by 20% in the next five years.

Strategies

Promote training culture and training opportunities.

Through enhanced communications, the ministry will present the business case for training, encourage firms to develop training plans and facilitate access to funding programs and training opportunities. Annual benchmarking studies will quantify training activity in the industry.

Facilitate solutions to training barriers.

Working closely with industry, the ministry will identify and rank additional training barriers/issues in order of importance. It will also help develop effective solutions.

Industry's Role

- Increase efforts in recognizing the value of skilled and motivated workers and implement training initiatives that meet business objectives.
- Communicate with government on training barriers and on-going training issues.

Background

In today's environment of rapid technological change, skill shortages, globalization and increased international competition, training is a necessity rather than an option. The Premier's Council Report, *People and Skills in the New Global Economy* spoke of the need for private sector firms to "learn to invest routinely" in upgrading the skills of their workforce, because training is "too important to be left solely to government."

Canada devotes only 0.3% of GNP to labour force skills which is less than other countries such as the United States (0.6%) and Germany (1.2%). Research undertaken by the Canadian Labour Market and Productivity Centre and others also suggests that Canadian firms lag behind their international competitors in the commitment to training and workforce development.

On-going dialogue with industry has shown that basic skills are more of an issue than technical skills, that many players in industry are unaware of the many training programs and opportunities available, and that the training culture of the industry is relatively low. Industry check-up surveys will help the ministry maintain a proactive position as a training advocate and facilitator.

The ministry's training initiatives complement the lead government agencies involved in training: Human Resources Development Canada and the Ontario Training and Adjustment Board. Currently the dairy and red meats sectors are pursuing indepth human resource studies with federal government assistance. OTAB's Ontario Skills Development Offices located at all Ontario community colleges provide industry with a one-stop shopping service on training plan development, financial assistance and training opportunities available.

Ault Foods—Training with Spirit

There's a real spirit for learning at Ault Foods. And it's found with both management and workers. The successful training culture at Ault's is largely due to its Learning Associates.

■ ■ ■
“This peer level “shop-floor”
approach enables Ault to
direct its training resources to
provide the right skills to the
right workers and spend training
dollars more effectively
and efficiently.”
■ ■ ■

Learning Associates are regular employees who have expressed an interest in training and have agreed to spend up to 15% of their work time focusing on the learning and development of their peers. They conduct needs analysis, prepare training plans and budgets, and develop and deliver training curriculum. Many of Ault's internal trainers already have the content expertise and are trained in facilitation skills by Ault. A network of Learning Associates and trainers is spread across the company's Ontario and Quebec locations.

This peer level “shop-floor” approach enables Ault to direct its training resources to providing the right skills to the right workers. Since introducing the Learning Associate concept several years ago, the company has been

spending training dollars far more effectively and efficiently.

Ault Foods' Learning Associates have been primarily involved in local technical training, while corporate training focuses its efforts on enhancing managerial, leadership and team-building skills. The success of the Learning Associate approach is attributed to senior management commitment, the just-in-time delivery of the training and its peer-peer interaction.

***Provide the Tools for Success
Promoting Research and Development*****Objective**

Increase domestic research and development in food processing by 10% in the next five years.

Strategies**Encourage creative partnerships.**

Promote the Guelph Food Technology Centre—a unique partnership of industry, labour, the University of Guelph and the Government of Ontario—as an access point for research and technology expertise.

Lever greater private sector resources for research.

Government research initiatives will be used to lever a greater share of private sector resources.

Shift the research focus.

Increase emphasis on product-related agricultural research. This new emphasis keeps the consumer's quality demands in focus.

Set research priorities with industry input.

By relying on the advice of the Ontario Food Processing Research Services Committee (OFPRSC) and the Agricultural Research Institute of Ontario (ARIO), OMAFRA will continue to ensure that the food processing industry's research priorities are being addressed.

Industry's Role

- Communicate research needs to the OFPRSC and ensure that research initiatives are linked to long-term business priorities.
- Encourage increased company investment in research and development in Ontario.

Background

The ministry has a major research contract with the University of Guelph, has facilities and internal staff dedicated to food processing research and has funded industry projects. Ministry food research facilities include the Agricultural and Food Laboratory Services Centre, the Horticultural Research Institute of Ontario and Colleges of Agricultural Technology.

Guelph Food Technology Centre

“**T**he future for the Canadian food industry lies in value added products,” says Dr. Don Murray, President and CEO of the Guelph Food Technology Centre (GFTC). “And the challenge in developing value added is to look for both food and non-food applications of our products and technologies.”

■ ■ ■

“Small and medium-sized businesses can be very creative in their development of strategic alliances,” says Dr. Murray. “They can combine business and research priorities with flexibility and flair.”

■ ■ ■

For Dr. Murray, meeting that challenge may mean going beyond traditional industry partnerships for inspiration and solutions. In his view, advances in areas such as biotechnology and non-food uses for traditional food sources, make these industry crossovers more likely—and potentially more profitable.

“Small and medium-sized businesses can be very creative in their development of strategic alliances,” says Dr. Murray. “They can combine business and research priorities with flexibility and flair.”

The Guelph Food Technology Centre can help companies looking to develop new strategic alliances. The GFTC, an initiative of the food industry, labour, the University of Guelph and the Ontario Government, is a non-profit, technology transfer and research facility. In addition to helping its clients forge new partnerships, the GFTC can provide a range of services from project assessment and market research to training and development.



N-02-95-3M
ISBN 0-7778-3738-2
© Queen's Printer for Ontario, 1995
Version française disponible